

Served: January 23, 2001



**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.**

Issued by the Department of Transportation
on the 18th day of January, 2001

120852
INTRA-ALASKA BUSH
SERVICE MAIL RATES

Docket OST-95-405 - 8/
(Docket 44445)

**ORDER TO SHOW CAUSE ESTABLISHING
BUSH SERVICE MAIL RATES**

Summary

By this order the Department proposes to establish new intra-Alaska bush service mail rates for the period April 1, 2001, through March 31, 2002. The rates that are currently in effect were established by Order 2000-5-30 with a provision for a quarterly update of fuel costs, as most recently done by Order 2000-12-19.

Background

During the last annual update the Postal Service raised several issues with the way the Department updates the rates. Staff met with the Postal Service and the carriers to discuss the issues, and we will continue to discuss the issues with the parties. Order 2000-5-30 made the current mail rate final until further Department action, in order to allow the Department to address issues raised by the Postal Service and carriers and to make adjustments to the rate before the next annual update. However, no party has submitted additional filings, and the time for issuing a new annual update is now here.

We have tentatively decided not to make this rate effective for a fixed annual period. That way if outstanding issues are resolved with the Postal Service and the carriers during the coming year, we can adjust the rate prospectively. Nevertheless, we would not adjust this rate retroactively.

Changes in the Rates

The proposed final rates, contained in Appendix A, reflect the application of cost adjustment factors, developed in Appendix B, to the basic mail rate structure established by the Department in Order 90-10-34. We have used the carriers' reported operating expenses for the YE 9/30/00, and have increased their unit costs to the mid-point of the new rate period, based on the long-term (ten-year) average annual changes in unit costs. As the Department deems appropriate, additional carriers may be added to or deleted from the pool

of update-carriers in the future, so that a representative sample of the bush carriers in Alaska is maintained. In this regard, we have made adjustments to our pool of carriers by adding two carriers, ProMech and Bellair, and taking Taquan out of the pool. ProMech and Bellair have grown rapidly since the prior year and each now carries more than 2% of intra-Alaska mail. By Order 2000-12-19 that updated quarterly fuel costs the Department eliminated Taquan from the pool because it was no longer a 401 carrier and its operations had shrunk.

The proposed final rates differ from the final rates currently in effect by the amounts shown in the following table:

	<u>YE 3/31/00</u>	<u>YE 3/31/01</u>	<u>% Change</u>
Linehaul Charge per Billing Ton-Mile ¹	\$9.6401 ²	\$10.7508	11.52%
Terminal Charge per Pound Originated	\$.3509	\$.3614	2.99%

The combination of the proposed linehaul and terminal charges produces proposed rates for the YE 3/31/02 that are 7.66 percent higher than those in effect for the current period for an 88-mile average length of haul. The above linehaul rate of \$10.7508 is illustrative, only, because fuel is now updated quarterly and the required data are not due to be reported until February 10, 2001. The final order to be effective April 1 will include fuel costs reported for the quarter ended December 31, 2000, when those costs are reported.

General Matters

The regression parameters for long-term trends are shown in Appendix F. They indicate that the regression is highly significant and reasonably reliable. The results indicate that, on average over the last ten years, unit costs have increased annually by 4.22% for the non-fuel linehaul and 2.43% for the terminal element. These results are not inconsistent with economy-wide inflation trends over the period.

As we frequently find, there have been significant changes in individual carrier's cost elements, with some carriers' unit costs decreasing while others have increased. Appendix G shows the changes in linehaul and terminal unit costs for the most recent year-to-year period for each carrier in the pool.

We have reviewed individual quarters of all the carriers' data, especially those whose unit costs have changed the most, to determine if data for any single quarter appeared unduly aberrant. We have not detected any extreme swings, but we invite all carriers to review the attached data, with special focus on their own reporting, to determine if any errors may have been made.

¹ The proposed linehaul rates for both time periods reflect the most recent quarterly fuel expense as shown in Order 2000-9-19.

² Reflects the quarterly fuel-updated rate in Order 2000-9-19.

ACCORDINGLY,

1. We direct all interested persons to show cause why the Department should not adopt the foregoing tentative findings and conclusions and fix, determine and publish the proposed final rates specified in Appendix A, for the period beginning April 1, 2001, until further Department action. The rate in Appendix A is illustrative and will be adjusted for fuel costs reported for the quarter ended December 31, 2000;
2. We direct all interested persons having objections to the tentative findings and conclusions or to the rates proposed here to file an objection along with all supporting documents within forty-five (45) days after the date of service of this order. Vague or unsupported objections that do not include all proposed adjustments and backup data will not be accepted;
3. If no objection is filed within the designated time, or if a timely filed objection raises no material issue of fact, we will deem all further procedural steps waived. We then will enter a final order incorporating the tentative findings and conclusions set forth here and establishing the final rates specified in the attached Appendix A;
4. These dockets shall remain open until further order of the Department; and
5. We will serve this order upon all parties on the Service List for this Docket.

By:

Francisco J. Sanchez
Assistant Secretary for Aviation
And International Affairs

(SEAL)

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The electronic version may not include all of the appendices

INTRALASKA BUSH SERVICE MAIL RATES

	Base Year Rates 1	Adjustment Factors 2	Final Rates 3	Orders 00-4-1 & 00-12-19 Preceding Rate	Year-Over-Year Change 5
Effective April 1, 2001, until further Department action.					
Linehaul Charge per Billing Ton-Mile	\$5.9525	80.61%	\$10.7508	\$9.6401	11.52%
Terminal Charge per Pound Originated	\$.2217	63.01%	\$.3614	\$.3509	2.99%

Sources:

- Column 1. Appendix E, Order 90-10-34.
Column 2. Appendix B to this order.
Column 3. Column 1 increased by column 2.

Applicability of Rate: For operations with bush aircraft, i.e., those having a payload of 7,500 lbs. or less.

INTRA-ALASKA BUSH SERVICE MAIL RATES COST ADJUSTMENT FACTORS

	Base Year Ended 09/30/1986	Year Ended 9/30/2000	Regressed Annual Change YE 9/30/90 to YE 9/30/00	Mid-Point to Mid-Point Change	Estimated Unit Cost at 10/01/2001	Percent Change 1986 Base Year to 10/1/01
Fuel Cost/Hour				NA	\$88.80	
Non-Fuel Line-Haul Exp. plus G&A						
Cost per Hour		\$94,027.287				
		\$360.49	4.22%	6.42%	\$383.63	
Total Hours	180,100	260,835				
Unit Cost Per Hour, Fuel + Non-Fuel	\$261.57	\$449.29			\$472.43	80.61%
Departure Expense plus G&A	\$11,966,847	\$30,251,691				
Wtd. Departures	370,383	595,394				
Unit Cost per Wtd. Dep.	\$32.31	\$50.81	2.43%	3.67%	\$52.67	63.01%

1/ Order 90-10-34, updated in this order and in Order 96-12-41.

2/ See Appendices C and D.

3/ For illustrative purposes only until quarterly fuel update reflecting QE 12/31/00 costs become available. Reflects unit cost in Order 2000-12-19. We will adjust fuel costs to reflect QE 12/31/00 costs in the final order.

4/ See regression results in Appendix F. For fuel, we apply no inflation factor.

5/ Reflects the fact that from the mid point of the reporting period to the midpoint of the prospective rate is 1 and 1/2 years. 1.0422 x 1.0211; where 1.0211 is the average annual unit cost increase projected for a 6-month period.

1.0243 x 1.01215 where 1.01215 is the average annual unit cost increase projected for a 6-month period.

6/ \$472.43/\$261.57 in column 1 produces a 80.61 % increase and \$52.67/\$32.31 in column 1 produces a 63.01 % increase.

7/ See footnote (1) to Order 2000-1-10.

INTRA-ALASKA BUSH SERVICE MAIL RATES
Summary of Carriers' Fuel Portion of Linehaul Expenses

	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE
	09/30/1990	09/30/1991	09/30/1992	09/30/1993	09/30/1994	09/30/1995	09/30/1996	09/30/1997	09/30/1998	09/30/1999	09/30/2000			
1. A. Island Air	\$23,456	\$15,945	\$31,385	\$270,832	\$463,281	0	0	0	\$352,182	0	\$584,932	\$698,11		
2. Arctic Circle	\$235,884	\$421,431	\$433,263	\$431,909	\$443,792	\$490,760	\$333,056	\$302,772	\$647,736	\$620,719	\$713,21			
3. Arctic Trp.	\$707,700	\$706,900	\$787,709	\$827,430	\$945,777	\$615,419	\$381,572	\$390,640	\$652,904	\$250,663	\$216,01			
4. Baker	\$519,232	\$330,486	\$612,694	\$732,302	\$696,739	\$584,135	\$607,266	\$817,099		\$91,256	\$168,11			
5. Bellair														
6. Bering	\$1,076,472	\$1,187,734	\$1,269,098	\$1,194,713	\$1,323,895	\$1,349,311	\$1,496,028	\$1,524,183	\$1,430,917	\$1,408,723	\$1,606,41			
7. Carnai	\$150,022	\$169,033	\$244,869	\$316,631	\$290,997	\$215,492	\$333,499	\$258,967	\$246,122	\$246,782	\$248,91			
8. C. Smythe	\$1,507,368	\$1,563,107	\$1,536,488	\$1,595,845	\$1,731,262	\$1,536,388	\$1,678,754	\$1,718,056	\$1,883,520	\$1,809,763	\$1,715,51			
9. ERA-Bush I/	\$1,360,536	\$1,192,367	\$1,250,030	\$1,293,542	\$1,360,157	\$1,193,374	\$1,158,772	\$1,265,057	\$1,259,261	\$1,464,447	\$1,622,61			
10. Fromier	\$1,016,285	\$924,540	\$842,869	\$1,113,161	\$1,327,767	\$1,522,471	\$1,582,012	\$1,878,939	\$1,607,510	\$1,741,547	\$2,310,81			
11. Grant	0	0	0	0	0	\$314,886	\$618,912	\$708,284	\$823,405	\$1,186,940	\$1,582,81			
12. Hegeland	0	0	0	\$394,178	\$491,142	\$668,617	\$983,661	\$1,511,469	\$1,668,781	\$1,473,255	\$1,831,31			
13. Ketchikan	\$217,375	\$243,822	\$332,315	\$439,774	\$429,014	\$451,931	\$631,989	0	0	0	\$678,91			
14. Larrys	\$561,145	\$649,570	\$650,150	\$624,930	\$597,413	\$581,069	\$630,989	\$637,420	\$724,572	\$667,001	\$678,91			
15. MarkAir	\$1,532,451	\$3,174,889	\$3,580,404	\$3,273,431	\$3,259,227	\$3,852,509	0	0	0	0	\$3,929,25			
16. Peninsula	\$2,184,025	\$2,170,875	\$1,812,994	\$2,023,615	\$2,234,496	\$2,353,471	\$2,887,413	\$3,498,157	\$3,458,677	\$297,112	\$612,11			
17. ProMech														
18. Tanana	\$138,632	\$174,715	\$191,937	\$268,508	\$221,539	\$213,094	\$305,315	\$360,315	\$339,249	\$401,352	\$411,51			
19. Taquan	\$	\$426,967	\$656,227	\$716,421	\$556,761	\$679,149	\$812,049	\$1,095,632	\$1,145,396	\$1,085,284	\$1,048,11			
20. Temsco	\$839,519	\$699,666	0	0	0	0	0	0	0	0	\$569,01			
21. Warbelows	\$	\$164,979	\$273,323	\$388,802	\$559,104	\$691,558	\$986,751	\$1,162,981	\$1,032,794	\$1,008,653	\$553,61			
22. Wings	\$475,994	\$391,385	\$418,465	\$542,740	\$549,073	\$503,392	\$337,034	\$493,137	\$444,914	\$489,024	\$553,61			
23. Wright	\$325,299	\$362,323	\$366,769	\$357,818	\$392,308	\$388,849	\$438,891	\$478,569	\$440,259	\$412,083	\$401,55			
24. Yute 2/	0	\$747,919	\$911,467	\$998,077	\$1,019,879	\$897,886	\$1,131,193	\$1,117,553	\$1,014,370	\$965,716	\$401,55			
Total Fuel Expense	\$12,871,395	\$15,918,653	\$16,202,456	\$17,804,659	\$18,893,623	\$19,103,761	\$17,935,156	\$19,619,230	\$19,368,569	\$19,544,712	\$20,918,55			
Total Bush Hours from Page (4)	225,268	255,315	274,885	299,826	321,355	326,973	282,711	278,077	282,327	295,699	260,83			
Unit Cost per Hour for Fuel	\$57.14	\$62.35	\$58.94	\$59.38	\$58.79	\$58.43	\$63.44	\$70.55	\$68.60	\$66.10	\$80.2			

1/ Includes expenses reported for Twin Otters and DC-3.
2/ Yute reflects data for the 9 ME 9/30/2000.

INTRA-ALASKA BUSH SERVICE MAIL RATES
Summary of Carriers' Non-Fuel Portion of Linehaul Expenses

	YE 09/30/1990	YE 09/30/1991	YE 09/30/1992	YE 09/30/1993	YE 09/30/1994	YE 09/30/1995	YE 09/30/1996	YE 09/30/1997	YE 09/30/1998	YE 09/30/1999	Y 09/30/2000
1. A. Island Air	\$111,455	\$55,301	\$127,558	\$651,607	\$1,039,624	0	0	0	0	0	\$3,085.9
2. Arctic Circle	\$782,942	\$1,520,501	\$1,931,882	\$1,828,908	\$1,883,867	\$1,904,437	\$2,189,676	\$2,228,293	\$2,573,369	\$2,911,816	\$3,085.9
3. Arctic Tpt.	\$1,821,722	\$1,953,680	\$2,277,146	\$2,186,356	\$2,556,934	\$2,012,910	\$2,016,154	\$2,158,418	\$2,314,194	\$2,359,695	\$2,549.6
4. Baker	\$1,402,452	\$1,218,598	\$1,347,122	\$1,351,126	\$1,399,824	\$1,379,173	\$2,069,817	\$2,261,396	\$2,435,385	\$1,041,175	\$759.2
5. Bellair										\$460,046	\$735.8
6. Bering	\$2,812,566	\$3,386,937	\$3,754,937	\$2,859,102	\$3,467,595	\$3,111,071	\$3,740,304	\$3,640,136	\$3,811,890	\$4,500,081	\$5,482.0
7. Camai	\$637,824	\$879,830	\$1,115,325	\$1,205,524	\$1,187,038	\$696,602	\$984,870	\$952,933	\$1,142,758	\$1,188,491	\$1,253.9
8. C. Smythe	\$3,383,807	\$3,545,673	\$3,729,951	\$3,878,774	\$4,400,387	\$4,200,724	\$4,939,512	\$4,997,528	\$5,626,645	\$5,152,718	\$5,133.6
9. ERA-Bush	\$3,638,343	\$3,140,350	\$3,740,563	\$3,663,912	\$4,108,645	\$4,573,631	\$5,421,211	\$6,077,780	\$6,695,915	\$7,009,555	\$7,067.2
10. Frontier	\$2,987,463	\$3,512,016	\$2,862,192	\$2,938,575	\$3,665,967	\$3,571,471	\$3,399,537	\$4,175,453	\$4,677,890	\$6,574,019	\$7,662.0
11. Grant	0	0	0	0	0	\$989,281	\$1,552,176	\$1,634,068	\$2,067,353	\$3,671,933	\$4,149.8
12. HageLand	0	0	0	\$1,615,947	\$2,103,566	\$2,891,130	\$4,172,072	\$5,276,921	\$5,640,262	\$5,953,480	\$7,606.1
13. Keckikan	\$1,066,772	\$1,310,925	\$1,968,661	\$2,216,911	\$2,456,201	\$2,078,166	\$3,052,466	0	0	0	\$2,355.8
14. Larrys	\$1,613,349	\$1,723,459	\$1,933,824	\$1,972,039	\$1,959,067	\$1,964,963	\$2,140,351	\$2,273,726	\$2,332,341	\$2,705,169	\$2,355.8
15. MarkAir	\$8,162,304	\$13,527,315	\$16,034,911	\$14,270,150	\$15,340,457	\$16,979,907	0	0	0	\$0	\$18,387.2
16. Peninsula	\$8,824,955	\$8,061,162	\$8,196,228	\$8,686,861	\$9,598,516	\$9,692,809	\$12,518,111	\$15,502,064	\$18,727,182	\$19,174,254	\$18,387.2
17. ProMech										\$1,524,626	\$3,067.01
18. Tanana	\$374,812	\$544,831	\$579,418	\$729,792	\$707,757	\$614,431	\$823,773	\$844,928	\$972,203	\$1,181,709	\$1,182.8
19. Taquan	0	\$1,336,077	\$2,579,295	\$2,824,827	\$2,563,742	\$3,125,506	\$3,565,626	\$4,315,825	\$5,172,303	\$5,528,676	\$5,528.676
20. Temsco	\$3,171,681	\$2,780,131	0	0	0	0	0	0	0	0	0
21. Warbelows	0	\$319,414	\$713,905	\$929,483	\$1,499,133	\$1,777,365	\$2,124,111	\$2,724,393	\$2,899,505	\$2,754,851	\$2,894.8
22. Wings	\$1,529,639	\$1,797,838	\$1,473,722	\$1,851,958	\$2,202,820	\$1,899,445	\$1,781,217	\$2,086,952	\$2,495,120	\$2,602,116	\$3,116.37
23. Wright	\$1,185,865	\$1,338,573	\$1,478,289	\$1,451,216	\$1,539,992	\$1,440,395	\$1,423,608	\$1,486,578	\$1,827,527	\$2,348,405	\$2,488.5
24. Yule	0	\$1,671,102	\$2,578,751	\$3,082,968	\$3,483,807	\$3,195,345	\$4,142,897	\$4,169,678	\$3,297,011	\$3,138,870	\$1,934.34
Total DOC less Fuel	\$43,507,951	\$53,623,713	\$58,423,680	\$60,196,036	\$67,144,939	\$68,098,762	\$62,057,489	\$66,807,070	\$74,708,853	\$81,781,685	\$80,912.52
Total Bush Hours from Page (4)	225,268	255,315	274,885	299,826	321,355	326,973	282,711	278,077	282,327	295,699	260,83
Unit Cost per Hour for Non-Fuel	\$193.14	\$210.03	\$212.54	\$200.77	\$208.94	\$208.27	\$219.51	\$240.25	\$264.62	\$276.57	\$310.2

INTRIA-ALASKA BUSH SERVICE MAIL RATES
Summary of Carrier Fuel + Non-fuel Linehaul Expenses 1/

	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE	Y.
	09/30/1990	09/30/1991	09/30/1992	09/30/1993	09/30/1994	09/30/1995	09/30/1996	09/30/1997	09/30/1998	09/30/1999	09/30/2000
1. A. Island Air	\$134,911	\$71,246	\$158,943	\$922,439	\$1,502,905	\$	\$	\$	\$	\$	\$
2. Arctic Circle	\$1,018,826	\$1,941,932	\$2,365,145	\$2,260,817	\$2,327,659	\$2,395,197	\$2,722,732	\$2,731,065	\$3,101,551	\$3,496,748	\$3,784,111
3. Arctic Tpt.	\$2,529,422	\$2,660,580	\$3,064,855	\$3,013,786	\$3,502,711	\$2,628,329	\$2,597,726	\$2,749,058	\$2,961,930	\$2,980,414	\$3,262,899
4. Baker	\$1,921,684	\$1,749,084	\$1,959,816	\$2,083,428	\$2,096,563	\$1,963,308	\$2,677,083	\$3,078,495	\$3,088,289	\$1,291,838	\$975,26
5. Bellair	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$551,302	\$903,99
6. Bering	\$3,889,038	\$4,574,671	\$5,024,035	\$4,053,815	\$4,791,490	\$4,460,382	\$5,236,332	\$5,164,319	\$5,242,807	\$5,908,804	\$7,088,45
7. Cannai	\$787,846	\$1,048,863	\$1,360,194	\$1,522,155	\$1,478,035	\$912,094	\$1,318,369	\$1,211,900	\$1,388,880	\$1,435,273	\$1,502,86
8. C. Smythe	\$4,891,175	\$5,108,780	\$5,266,439	\$5,474,619	\$6,131,649	\$5,737,112	\$6,618,266	\$6,715,584	\$7,510,165	\$6,962,481	\$6,849,15
9. ERA	\$4,998,879	\$4,332,717	\$4,990,593	\$4,957,454	\$5,468,802	\$5,767,005	\$6,579,983	\$7,342,837	\$7,955,176	\$8,474,002	\$8,689,82
10. Frontier	\$4,003,748	\$4,436,556	\$3,705,061	\$4,051,736	\$4,993,734	\$5,093,942	\$4,981,549	\$6,054,392	\$6,285,400	\$8,315,566	\$9,972,86
11. Grant	\$	\$	\$	\$	\$	\$1,304,167	\$2,171,088	\$2,342,352	\$2,890,758	\$4,858,873	\$5,732,72
12. Hageland	\$	\$	\$	\$2,010,125	\$2,594,708	\$3,559,747	\$5,155,733	\$6,788,390	\$7,309,043	\$7,426,735	\$9,437,51
13. Keichikan	\$1,284,147	\$1,554,747	\$2,300,976	\$2,656,685	\$2,885,215	\$2,530,097	\$3,684,455	\$	\$	\$	\$
14. Larrys	\$2,174,494	\$2,373,029	\$2,583,974	\$2,596,969	\$2,536,480	\$2,546,032	\$2,771,340	\$2,911,146	\$3,056,913	\$3,372,170	\$3,034,82
15. MarkAir	\$9,694,755	\$16,702,204	\$19,615,315	\$17,543,581	\$18,599,684	\$20,832,416	\$	\$	\$	\$	\$
16. Peninsula	\$11,008,980	\$10,232,037	\$10,009,222	\$10,710,476	\$11,833,012	\$12,046,280	\$15,405,524	\$19,000,221	\$22,185,859	\$22,513,714	\$22,316,571
17. ProMech	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
18. Tanana	\$513,444	\$719,546	\$771,355	\$998,300	\$929,296	\$827,525	\$1,129,088	\$1,205,243	\$1,331,452	\$1,583,061	\$3,679,151
19. Taquan	\$	\$1,763,044	\$3,235,522	\$3,541,248	\$3,120,503	\$3,804,655	\$4,377,675	\$5,411,457	\$6,317,699	\$6,613,960	\$1,594,42
20. Temseo	\$4,011,200	\$3,479,797	\$	\$	\$	\$	\$	\$	\$	\$	\$
21. Warbelows	\$	\$484,393	\$987,228	\$1,318,285	\$2,058,237	\$2,468,923	\$3,110,862	\$3,887,374	\$3,932,299	\$3,763,504	\$3,942,944
22. Wings	\$2,005,633	\$2,189,223	\$1,892,187	\$2,394,698	\$2,751,893	\$2,402,837	\$2,318,251	\$2,580,089	\$2,940,034	\$3,091,140	\$3,685,411
23. Wright	\$1,511,164	\$1,700,896	\$1,845,058	\$1,809,034	\$1,932,300	\$1,829,244	\$1,862,499	\$1,965,147	\$2,267,786	\$2,760,488	\$3,042,151
24. Yuc	\$	\$2,419,021	\$3,490,218	\$4,081,045	\$4,503,686	\$4,093,231	\$5,274,090	\$5,287,231	\$4,311,381	\$4,104,586	\$2,335,944
Fuel & Non-Fuel Line											
Haul Expense	\$56,379,346	\$69,542,366	\$74,626,136	\$78,000,695	\$86,038,562	\$87,202,523	\$79,992,645	\$86,426,300	\$94,077,422	\$101,326,397	\$101,831,114

INTRA-ALASKA BUSH SERVICE MAIL RATES
Summary of Block Hours by Carrier

	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE	YI
	09/30/1990	09/30/1991	09/30/1992	09/30/1993	09/30/1994	09/30/1995	09/30/1996	09/30/1997	09/30/1998	09/30/1999	09/30/2000
1. A. Island Air	764	293	791	4,329	4,706	0	0	0	0	0	
2. Arctic Circle	4,755	6,644	7,045	6,844	7,942	8,287	8,569	7,802	8,390	8,581	9,83
3. Arctic Tpt.	15,209	14,342	15,403	16,008	19,233	12,002	10,099	9,723	9,171	8,307	9,02
4. Baker	9,266	7,821	9,483	9,173	9,675	8,803	8,010	9,334	6,153	4,043	4,03
5. Bellair	0	0	0	0	0	0	0	0	0	2,477	3,58
6. Bering	15,249	14,332	14,354	12,503	13,108	13,331	14,382	14,020	13,633	13,722	13,74
7. Camai	4,887	4,982	6,601	7,420	6,058	5,616	9,034	7,964	6,169	6,608	7,07
8. C. Smythe	17,693	19,026	17,827	17,320	18,229	16,792	17,600	17,223	17,837	17,237	16,24
9. ERA, Bush	14,840	12,001	15,028	16,427	16,022	13,547	12,281	13,334	13,157	16,104	14,87
10. Frontier	11,865	11,863	12,028	14,572	17,843	18,609	18,734	19,217	20,579	20,975	22,73
11. Grant	0	0	0	0	0	5,717	8,855	8,679	10,913	17,940	18,64
12. Hageland	0	0	0	10,374	12,539	17,293	22,891	25,485	23,488	22,860	25,13
13. Ketchikan	6,626	7,125	9,563	11,088	11,692	12,714	15,798	0	0	0	10,54
14. Larrys	11,590	11,739	11,545	10,897	10,874	9,985	10,746	10,420	11,945	12,008	10,54
15. MarkAir	39,591	53,914	62,620	60,322	62,544	72,883	0	0	0	0	44,18
16. Peninsula	31,450	29,793	28,216	29,312	31,827	31,055	35,404	39,811	44,302	46,130	44,18
17. ProMech	0	0	0	0	0	0	0	0	0	7,280	10,73
18. Tanana	4,735	5,406	5,333	6,424	5,897	6,067	7,403	7,419	8,331	9,040	8,43
19. Taquan	0	10,052	16,140	16,916	16,190	16,494	18,765	21,566	21,965	18,684	18,68
20. Temco	15,845	11,657	0	0	0	0	0	0	0	0	0
21. Warbelows	0	3,083	5,627	7,863	11,220	12,118	14,581	15,859	17,172	15,018	13,81
22. Wings	13,303	11,582	11,177	12,949	12,714	11,547	11,700	11,289	11,371	12,542	11,72
23. Wright	7,600	7,828	7,431	6,876	7,577	7,353	7,676	8,434	9,276	9,895	10,56
24. Yuc	0	11,832	18,673	22,209	25,415	26,760	30,183	30,498	28,475	26,248	5,89
Total Bush Hours	225,268	255,315	274,885	299,826	321,355	326,973	282,711	278,077	282,327	295,699	260,835

INTRA-ALASKA BUSH SERVICE MAIL RATES COST ADJUSTMENT FACTORS
G&A as a Percentage of Operating Expense less G&A 1/

	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE
	09/30/1990	09/30/1991	09/30/1992	09/30/1993	09/30/1994	09/30/1995	09/30/1996	09/30/1997	09/30/1998	09/30/1999	09/30/2000
1. A. Island Air	12.05%	8.67%	16.32%	15.03%	9.63%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00
2. Arctic Circle	19.56%	13.11%	12.24%	11.60%	9.62%	10.46%	11.37%	13.01%	11.95%	10.58%	9.33
3. Arctic Tpt.	22.97%	21.91%	23.14%	17.83%	14.30%	15.70%	16.67%	17.26%	19.12%	15.62%	13.36
4. Baker	16.88%	21.57%	19.49%	16.13%	19.14%	21.67%	15.21%	14.86%	35.17%	48.62%	58.26
5. Bellair	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	36.78%	24.80
6. Bering	5.33%	6.52%	9.93%	14.40%	14.10%	13.14%	11.75%	11.77%	13.31%	9.88%	10.29
7. Camai	15.82%	21.82%	29.00%	15.83%	16.02%	31.64%	15.46%	28.87%	31.09%	30.24%	30.31
8. C. Smythe	10.30%	14.23%	12.58%	12.70%	13.27%	12.56%	11.47%	14.65%	12.13%	10.76%	9.73
9. ERA-Bush	16.68%	18.23%	18.95%	16.90%	16.38%	15.56%	15.50%	10.95%	20.81%	22.96%	23.20
10. Frontier	15.86%	13.86%	15.43%	14.47%	13.85%	12.17%	11.74%	13.30%	12.54%	10.44%	9.06
11. Grant	0.00%	0.00%	0.00%	0.00%	0.00%	15.58%	16.80%	26.59%	23.37%	19.97%	19.03
12. Hageland	0.00%	0.00%	0.00%	12.23%	13.66%	9.04%	11.31%	7.64%	10.54%	9.52%	6.79
13. Ketchikan	27.69%	17.37%	13.08%	15.02%	10.32%	18.94%	8.87%	0.00%	0.00%	0.00%	0.00
14. Larrys	4.06%	5.55%	8.07%	7.03%	8.18%	6.70%	6.05%	7.94%	7.54%	4.88%	6.47
15. MarkAir	6.37%	5.76%	4.40%	3.36%	2.76%	3.20%	0.00%	0.00%	0.00%	0.00%	0.00
16. Peninsula	13.22%	17.11%	14.34%	15.26%	13.81%	14.96%	12.96%	11.82%	12.70%	11.70%	12.42
17. ProMech	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	11.41%	5.61
18. Tanana	19.03%	17.15%	17.26%	16.61%	14.54%	17.43%	15.42%	19.34%	20.64%	26.19%	27.19
19. Taguan	0.00%	14.56%	21.35%	20.43%	30.92%	33.85%	17.42%	25.39%	23.41%	21.23%	0.00
20. Tensco	21.07%	18.10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00
21. Warbelows	0.00%	31.09%	23.90%	22.22%	26.88%	24.80%	16.38%	20.08%	18.11%	13.99%	9.27
22. Wings	21.05%	19.12%	21.11%	20.77%	15.95%	13.17%	11.30%	11.50%	9.93%	7.99%	9.40
23. Wright	20.95%	25.52%	18.74%	15.74%	15.79%	22.85%	15.96%	20.80%	23.88%	14.67%	16.60
24. Yute	0.00%	32.14%	31.07%	37.00%	21.74%	15.79%	12.39%	14.95%	14.20%	14.20%	8.81

1/ See Appendix E, Page 3

2/ G&A is used interchangeably, here and elsewhere, with Capacity Related Expense, which is reported on the carriers' F-2.

INTRA-ALASKA BUSH SERVICE MAIL RATES COST ADJUSTMENT FACTORS
G&A Assignable to Linehaul (Total Direct Expense Multiplied by G&A Percent) 1/

	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE	Y
	09/30/1990	09/30/1991	09/30/1992	09/30/1993	09/30/1994	09/30/1995	09/30/1996	09/30/1997	09/30/1998	09/30/1999	09/30/2000
1. A. Island Air	\$16,257	\$6,177	\$25,939	\$138,643	\$144,730	\$	\$	\$	\$	\$	\$353,05
2. Arctic Circle	\$199,282	\$254,587	\$289,494	\$262,255	\$223,921	\$250,538	\$309,575	\$355,312	\$370,635	\$369,956	\$353,05
3. Arctic Tpt.	\$581,008	\$582,933	\$709,207	\$537,358	\$500,888	\$412,648	\$433,041	\$474,487	\$566,321	\$465,541	\$435,92
4. Baker	\$324,380	\$377,277	\$381,968	\$336,057	\$401,282	\$425,449	\$407,184	\$457,464	\$1,086,151	\$628,092	\$568,19
5. Bellair	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$202,769	\$224,19
6. Bering	\$207,286	\$298,269	\$498,887	\$583,749	\$675,600	\$586,094	\$615,269	\$607,840	\$697,818	\$583,790	\$729,40
7. Carnai	\$124,637	\$228,862	\$394,456	\$240,957	\$236,781	\$288,587	\$203,820	\$349,876	\$431,803	\$434,027	\$455,52
8. C. Smythe	\$503,791	\$726,979	\$662,518	\$695,277	\$813,670	\$720,581	\$759,115	\$983,833	\$910,983	\$749,163	\$666,42
9. ERA-Bush	\$833,813	\$789,854	\$945,717	\$837,810	\$895,790	\$897,346	\$1,019,897	\$804,041	\$1,655,472	\$1,945,631	\$2,016,03
10. Frontier	\$634,994	\$614,907	\$571,691	\$586,286	\$691,632	\$619,933	\$584,834	\$805,234	\$788,189	\$868,145	\$903,54
11. Grant	\$	\$	\$	\$	\$	\$203,189	\$364,743	\$622,831	\$675,570	\$970,317	\$1,090,93
12. Hageland	\$	\$	\$	\$245,838	\$354,437	\$321,801	\$583,113	\$518,633	\$770,373	\$707,025	\$640,80
13. Ketchikan	\$355,580	\$270,060	\$300,968	\$399,034	\$297,754	\$479,200	\$326,811	\$	\$	\$	\$
14. Larrys	\$88,284	\$131,703	\$208,527	\$182,567	\$207,484	\$170,584	\$167,666	\$231,145	\$230,491	\$164,562	\$196,35
15. MarkAir	\$617,556	\$962,047	\$863,074	\$589,464	\$513,351	\$666,637	\$	\$	\$	\$	\$
16. Peninsula	\$1,455,387	\$1,750,702	\$1,435,322	\$1,634,419	\$1,634,139	\$1,802,123	\$1,996,556	\$2,245,826	\$2,817,604	\$2,634,105	\$2,771,71
17. ProMech	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$207,860	\$206,40
18. Tanana	\$97,708	\$123,402	\$133,136	\$165,818	\$135,120	\$144,238	\$174,105	\$233,094	\$274,812	\$414,604	\$433,52
19. Taquan	0	\$256,699	\$690,784	\$723,477	\$964,860	\$1,287,876	\$762,591	\$1,373,969	\$1,478,973	\$1,404,144	\$
20. Temco	\$845,160	\$629,843	\$	\$	\$	\$	\$	\$	\$	\$	\$
21. Warbelows	0	\$150,598	\$235,947	\$292,923	\$553,254	\$612,293	\$509,559	\$780,585	\$712,139	\$526,514	\$365,51
22. Wings	\$422,186	\$418,579	\$399,441	\$497,379	\$438,927	\$316,454	\$261,962	\$296,710	\$291,945	\$246,982	\$346,42
23. Wright	\$316,589	\$434,069	\$345,764	\$284,742	\$305,110	\$417,982	\$297,255	\$408,751	\$541,547	\$404,964	\$504,99
24. Yute	0	\$777,473	\$1,084,411	\$1,509,987	\$979,101	\$646,321	\$653,460	\$790,441	\$612,216	\$582,851	\$205,79
Total Line-Haul G&A Expense	\$7,623,898	\$9,785,020	\$10,177,251	\$10,744,040	\$10,967,831	\$11,269,874	\$10,430,556	\$12,340,072	\$14,913,042	\$14,511,042	\$13,114,76
Total Bush Hours from Page (4)	225,268	255,315	274,885	299,826	321,355	326,973	282,711	278,077	282,327	295,699	260,83
Unit Cost per Hour, G&A Only	\$33.84	\$38.33	\$37.02	\$35.83	\$34.13	\$34.47	\$36.89	\$44.38	\$52.82	\$49.07	\$50.2

1/ Page 3 multiplied by page 5.

1/ Page 3 multiplied by page 5.

INTRA-ALASKA BUSH SERVICE MAIL RATES COST ADJUSTMENT FACTORS
Non-Fuel Linehaul Expense Plus All & A Allocable to Linehaul 1/

	YE 09/30/1990	YE 09/30/1991	YE 09/30/1992	YE 09/30/1993	YE 09/30/1994	YE 09/30/1995	YE 09/30/1996	YE 09/30/1997	YE 09/30/1998	YE 09/30/1999	YI 09/30/2000
1. A. Island Air	\$127,712	\$61,478	\$153,497	\$790,250	\$1,184,354	\$	\$	\$	\$	\$	\$
2. Arctic Circle	\$982,224	\$1,775,088	\$2,221,376	\$2,091,163	\$2,107,788	\$2,154,975	\$2,499,251	\$2,583,605	\$2,944,004	\$3,281,772	\$3,439,01.
3. Arctic Tpt.	\$2,402,730	\$2,536,613	\$2,986,353	\$2,723,714	\$3,057,822	\$2,425,558	\$2,449,195	\$2,632,905	\$2,880,515	\$2,825,236	\$2,985,52
4. Baker	\$1,726,832	\$1,595,875	\$1,729,090	\$1,687,183	\$1,801,106	\$1,804,622	\$2,477,001	\$2,718,860	\$3,521,536	\$1,669,267	\$1,327,41.
5. Bellair	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$662,815	\$960,04.
6. Bering	\$3,019,852	\$3,685,206	\$4,253,824	\$3,442,851	\$4,143,195	\$3,697,165	\$4,355,573	\$4,247,976	\$4,509,708	\$5,083,871	\$6,211,42.
7. Cannai	\$762,461	\$1,108,692	\$1,509,781	\$1,446,481	\$1,423,819	\$985,189	\$1,188,690	\$1,302,809	\$1,574,561	\$1,622,518	\$1,709,46
8. C. Smythe	\$3,887,598	\$4,272,652	\$4,392,469	\$4,574,051	\$5,214,057	\$4,921,305	\$5,698,627	\$5,981,361	\$6,537,628	\$5,901,881	\$5,800,05.
9. ERA	\$4,472,156	\$3,930,204	\$4,686,280	\$4,501,722	\$5,004,435	\$5,470,977	\$6,441,108	\$6,881,821	\$8,351,387	\$8,955,186	\$9,083,25.
10. Frontier	\$3,622,457	\$4,126,923	\$3,433,883	\$3,524,861	\$4,357,599	\$4,191,404	\$3,984,371	\$4,980,687	\$5,466,079	\$7,442,164	\$8,565,59.
11. Grant	\$	\$	\$	\$	\$	\$1,192,470	\$1,916,919	\$2,256,899	\$2,742,923	\$4,642,250	\$5,240,80.
12. Hageland	\$	\$	\$	\$1,861,785	\$2,458,003	\$3,212,931	\$4,755,185	\$5,795,554	\$6,410,635	\$6,660,505	\$8,246,94
13. Keichikan	\$1,422,352	\$1,580,985	\$2,269,629	\$2,615,945	\$2,753,955	\$2,557,366	\$3,379,277	\$2,504,871	\$2,562,832	\$2,869,731	\$2,552,19.
14. Larrys	\$1,701,633	\$1,855,162	\$2,142,351	\$2,154,606	\$2,146,551	\$2,135,547	\$2,308,017	\$	\$	\$	\$
15. MarkAir	\$8,779,860	\$14,489,362	\$16,897,985	\$14,859,614	\$15,853,808	\$17,646,544	\$	\$	\$	\$	\$
16. Peninsula	\$10,280,342	\$9,811,864	\$9,631,550	\$10,321,280	\$11,232,655	\$11,494,932	\$14,514,667	\$17,747,890	\$21,544,786	\$21,808,359	\$21,159,00.
17. ProMech	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
18. Tanana	\$472,520	\$668,233	\$712,554	\$895,610	\$842,877	\$758,669	\$997,878	\$1,078,022	\$1,247,015	\$1,596,313	\$1,616,37.
19. Taquan	\$	\$1,592,776	\$3,270,079	\$3,548,304	\$3,528,602	\$4,413,382	\$4,328,217	\$5,689,794	\$6,651,276	\$6,932,820	\$
20. Temco	\$4,016,841	\$3,409,974	\$	\$	\$	\$	\$	\$	\$	\$	\$
21. Warbelows	\$	\$470,012	\$949,852	\$1,222,406	\$2,052,387	\$2,389,658	\$2,633,670	\$3,504,978	\$3,611,644	\$3,281,365	\$3,260,311
22. Wings	\$1,951,825	\$2,216,417	\$1,873,163	\$2,349,337	\$2,641,747	\$2,215,899	\$2,043,179	\$2,383,662	\$2,787,065	\$2,849,098	\$3,462,807
23. Wright	\$1,502,454	\$1,772,642	\$1,824,053	\$1,735,958	\$1,845,102	\$1,858,377	\$1,720,863	\$1,895,329	\$2,369,074	\$2,753,369	\$2,993,502
24. Yute	\$	\$2,448,575	\$3,663,162	\$4,592,955	\$4,462,908	\$3,841,666	\$4,796,357	\$4,960,119	\$3,909,227	\$3,721,721	\$2,140,144
Total Bush Hours	\$51,131,849	\$63,408,733	\$68,600,931	\$70,940,076	\$78,112,770	\$79,368,636	\$72,488,045	\$79,147,142	\$89,621,895	\$96,292,727	\$94,027,287
Unit Cost per Hour,	225,268	255,315	274,885	299,826	321,355	326,973	282,711	278,077	282,327	295,699	260,835
Non-Fuel Linehaul	\$226,98	\$248,35	\$249,56	\$236,60	\$243,07	\$242,74	\$256,40	\$284,62	\$317,44	\$325,64	\$360,45
Year-over Year Increase		9.41%	0.49%	-5.19%	2.73%	-0.14%	5.63%	11.01%	11.53%	2.58%	10.70%

INTRA-ALASKA BUSH SERVICE MAIL RATES
Total Departure Related Expense

	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE
	09/30/1991	09/30/1991	09/30/1992	09/30/1993	09/30/1994	09/30/1995	09/30/1996	09/30/1997	09/30/1998	09/30/1999	09/30/2000			
1. Alaska Island	\$20,600	\$8,290	\$34,463	\$207,005	\$449,389	0	\$842,988	\$899,168	\$861,087	\$995,787	\$1,115.7			
2. Arctic Circle	\$297,505	\$505,190	\$613,859	\$658,392	\$669,037	\$780,404	\$2,090,340	\$2,445,415	\$2,267,035	\$2,098,792	\$2,155.2			
3. Arctic Tpt.	\$1,532,638	\$1,511,618	\$1,762,426	\$1,855,568	\$2,073,924	\$2,018,919	\$366,253	\$529,881	\$493,983	\$490,329	\$379.5			
4. Baker	\$593,525	\$315,409	\$509,111	\$428,799	\$443,263	\$470,666	\$	\$	\$	\$103,581	\$156.0			
5. Bellair	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$			
6. Bering	\$516,608	\$597,474	\$675,551	\$544,712	\$1,331,410	\$1,330,368	\$1,471,556	\$1,557,595	\$1,534,357	\$862,123	\$1,016.8			
7. Cairai	\$290,681	\$273,065	\$312,055	\$429,099	\$360,126	\$212,243	\$478,319	\$268,491	\$384,856	\$522,648	\$631.6			
8. Cape Smythe	\$1,678,343	\$1,809,074	\$2,041,196	\$2,117,782	\$2,075,246	\$1,950,757	\$1,814,563	\$2,235,682	\$2,471,055	\$1,980,381	\$2,357.4			
9. ERA (System)	\$2,894,734	\$3,215,456	\$3,249,264	\$3,674,883	\$4,159,944	\$4,697,487	\$4,916,906	\$5,383,906	\$2,561,831	\$2,758,425	\$2,716.9			
10. Frontier	\$659,643	\$947,465	\$960,847	\$1,097,912	\$1,194,588	\$1,597,546	\$1,448,179	\$1,823,221	2,070,472	\$2,525,953	\$3,018.5			
11. Grant	\$	\$	\$	\$	\$	\$193,179	\$505,986	\$473,254	\$605,743	\$859,635	\$945.2			
12. Hageland	\$	\$	\$	\$475,700	\$779,212	\$1,138,169	\$1,557,531	\$2,004,469	\$2,577,072	\$2,554,814	\$1,919.7			
13. Ketchikan	\$354,993	\$653,294	\$1,321,921	\$1,020,889	\$1,101,700	\$1,042,001	\$1,652,974	\$1,003,852	\$	\$	\$			
14. Larrys	\$609,548	\$734,134	\$705,602	\$835,916	\$875,036	\$952,856	\$900,237	\$1,003,852	\$1,113,275	\$960,654	\$931.1			
15. MarkAir	\$3,749,998	\$4,705,448	\$5,944,923	\$5,655,402	\$5,360,961	\$7,147,924	\$	\$	\$	\$	\$			
16. Peninsula	\$2,866,663	\$2,407,861	\$2,625,240	\$2,625,735	\$3,129,990	\$3,341,740	\$4,309,236	\$5,028,363	\$4,928,452	\$5,320,462	\$5,277.5			
17. ProMech	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$			
18. Tanana	\$158,363	\$259,949	\$157,739	\$253,368	\$256,128	\$222,689	\$305,213	\$344,866	\$370,456	\$355,769	\$315.3			
19. Taquan	\$	\$643,798	\$1,098,539	\$1,543,913	\$1,362,711	\$1,008,678	\$1,237,978	\$1,601,653	\$2,176,958	\$2,066,122	\$315.3			
20. Temco	\$1,735,420	\$1,728,701	0	0	0	0	0	0	0	0	0			
21. Warbelows	\$	\$105,489	\$152,889	\$169,162	\$309,536	\$466,368	\$601,539	\$728,380	\$763,989	\$470,156	\$436.2			
22. Wings	\$671,757	\$878,759	\$815,058	\$774,614	\$394,367	\$695,058	\$688,284	\$757,247	\$797,775	\$810,295	\$849.0			
23. Wright	\$153,376	\$227,232	\$212,308	\$221,737	\$201,850	\$212,040	\$283,954	\$302,582	\$294,311	\$278,791	\$296.4			
24. Yute	\$	\$390,375	\$895,687	\$1,271,311	\$1,234,266	\$1,650,384	\$1,821,011	\$1,531,969	\$1,787,353	\$1,696,350	\$767.6			
Total	\$18,784,395	\$21,918,081	\$24,088,678	\$25,861,899	\$27,962,684	\$31,129,476	\$27,293,047	\$28,919,994	\$28,060,060	\$28,581,782	\$28,452.3			

INTRA-ALASKA BUSH SERVICE MAIL RATES COST ADJUSTMENT FACTORS

G&A as a Percentage of Operating Expense less G&A 1/

	YE 09/30/1990	YE 09/30/1991	YE 09/30/1992	YE 09/30/1993	YE 09/30/1994	YE 09/30/1995	YE 09/30/1996	YE 09/30/1997	YE 09/30/1998	YE 09/30/1999	' 09/30/20
1. Alaska Island	12.05%	8.67%	16.32%	15.03%	9.63%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2. Arctic Circle	19.56%	13.11%	12.24%	11.60%	9.62%	10.46%	11.37%	13.01%	11.95%	10.58%	9.33%
3. Arctic Tpt.	22.97%	21.91%	23.14%	17.83%	14.30%	15.70%	16.67%	17.26%	19.12%	15.62%	13.36%
4. Baker	16.88%	21.57%	19.49%	16.13%	19.14%	21.67%	15.21%	14.86%	35.17%	48.62%	58.26%
5. Bellair	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	36.78%	24.80%
6. Bering	5.33%	6.52%	9.93%	14.40%	14.10%	13.14%	11.75%	11.77%	13.31%	9.88%	10.25%
7. Canai	15.82%	21.82%	29.00%	15.83%	16.02%	31.64%	15.46%	28.87%	31.09%	30.24%	30.31%
8. Cape Smythe	10.30%	14.23%	12.58%	12.70%	13.27%	12.56%	11.47%	14.65%	12.13%	10.76%	9.73%
9. ERA (System)	16.68%	18.23%	18.95%	16.90%	16.38%	15.56%	15.50%	10.95%	20.81%	22.96%	23.20%
10. Frontier	15.86%	13.86%	15.43%	14.47%	13.85%	12.17%	11.74%	13.30%	12.54%	10.44%	9.06%
11. Grant	0.00%	0.00%	0.00%	0.00%	0.00%	15.58%	16.80%	26.59%	23.37%	19.97%	19.03%
12. Hageland	0.00%	0.00%	0.00%	12.23%	13.66%	9.04%	11.31%	7.64%	10.54%	9.52%	6.79%
13. Keichikan	27.69%	17.37%	13.08%	15.02%	10.32%	18.94%	8.87%	0.00%	0.00%	0.00%	0.00%
14. Larrys	4.06%	5.55%	8.07%	7.03%	8.18%	6.70%	6.05%	7.94%	7.54%	4.88%	6.47%
15. MarkAir	6.37%	5.76%	4.40%	3.36%	2.76%	3.20%	0.00%	0.00%	0.00%	0.00%	0.00%
16. Peninsula	13.22%	17.11%	14.34%	15.26%	13.81%	14.96%	12.96%	11.82%	12.70%	11.70%	12.42%
17. ProMech	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	11.41%	5.61%
18. Tanana	19.03%	17.15%	17.26%	16.61%	14.54%	17.43%	15.42%	19.34%	20.64%	26.19%	27.19%
19. Taquan	0.00%	14.56%	21.35%	20.43%	30.92%	33.85%	17.42%	25.39%	23.41%	21.23%	0.00%
20. Temso	21.07%	18.10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
21. Warbelows	0.00%	31.09%	23.90%	22.22%	26.88%	24.80%	16.38%	20.08%	18.11%	13.99%	9.27%
22. Wings	21.05%	19.12%	21.11%	20.77%	15.95%	13.17%	11.30%	11.50%	9.93%	7.99%	9.40%
23. Wright	20.95%	25.52%	18.74%	15.74%	15.79%	22.85%	15.96%	20.80%	23.88%	14.67%	16.60%
24. Yute	0.00%	32.14%	31.07%	37.00%	21.74%	15.79%	12.39%	14.95%	14.20%	14.20%	8.81%

1/ G&A is used interchangeably, here and elsewhere, with Capacity Related Expense, which is reported on the carriers' F-2.

INTRIA-ALASKA BUSH SERVICE MAIL RATES

Total Departure Related Expense, Including G&A 1/

	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE
	09/30/1991	09/30/1991	09/30/1992	09/30/1993	09/30/1994	09/30/1995	09/30/1996	09/30/1997	09/30/1998	09/30/1999	09/30/2000			
1. Alaska Island	\$23,082	\$9,009	\$40,087	\$238,118	\$492,665	\$	\$	\$	\$	\$	\$	\$	\$	\$
2. Arctic Circle	\$355,697	\$571,420	\$688,995	\$734,765	\$733,398	\$862,034	\$938,836	\$1,016,150	\$963,987	\$1,101,141	\$1,219,8			
3. Arctic Tpr.	\$1,884,685	\$1,842,814	\$2,170,251	\$2,186,416	\$2,370,495	\$2,335,889	\$2,438,800	\$2,867,494	\$2,700,492	\$2,426,623	\$2,443,2			
4. Baker	\$693,712	\$383,443	\$608,337	\$497,964	\$528,104	\$572,659	\$421,960	\$608,621	\$667,717	\$728,727	\$600,6			
5. Bellair	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$			
6. Bering	\$544,143	\$636,429	\$742,633	\$623,151	\$1,519,139	\$1,505,178	\$1,644,464	\$1,740,924	\$1,738,580	\$947,301	\$1,121,4			
7. Camai	\$336,667	\$332,648	\$402,551	\$497,025	\$417,818	\$279,397	\$552,267	\$346,004	\$504,508	\$680,697	\$823,0			
8. Cape Smythle	\$1,851,212	\$2,066,505	\$2,297,978	\$2,386,740	\$2,350,631	\$2,195,772	\$2,022,693	\$2,563,209	\$2,770,794	\$2,193,470	\$2,586,7			
9. ERA (System)	\$3,377,576	\$3,801,634	\$3,865,000	\$4,295,938	\$4,841,343	\$5,428,416	\$5,679,026	\$5,973,444	\$3,094,948	\$3,391,759	\$3,347,3			
10. Frontier	\$764,262	\$1,078,784	\$1,109,106	\$1,256,780	\$1,360,038	\$1,791,967	\$1,618,195	\$2,065,709	\$2,330,109	\$2,789,662	\$3,292,0			
11. Grant	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$			
12. Hageland	\$	\$	\$	\$533,878	\$885,652	\$1,241,059	\$1,733,688	\$2,157,610	\$2,848,695	\$2,798,032	\$2,050,1			
13. Ketchikan	\$453,291	\$766,771	\$1,494,828	\$1,174,227	\$1,215,395	\$1,239,356	\$1,799,593	\$1,083,558	\$1,197,216	\$1,007,534	\$991,4			
14. Larrys	\$634,296	\$774,878	\$762,544	\$894,681	\$946,614	\$1,016,697	\$954,701	\$	\$	\$	\$			
15. MarkAir	\$3,988,873	\$4,976,482	\$6,206,500	\$5,845,424	\$5,508,924	\$7,376,658	\$	\$	\$	\$	\$			
16. Peninsula	\$3,245,636	\$2,819,846	\$3,001,699	\$3,026,422	\$3,562,242	\$3,841,664	\$4,867,713	\$5,622,716	\$5,554,365	\$5,942,956	\$5,933,0			
17. ProMech	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$			
18. Tamana	\$188,499	\$304,530	\$184,965	\$295,452	\$293,369	\$261,504	\$352,277	\$411,563	\$446,918	\$448,945	\$3,343,4			
19. Taquan	\$	\$737,535	\$1,333,077	\$1,859,334	\$1,784,061	\$1,350,116	\$1,453,634	\$2,008,313	\$2,686,584	\$2,504,760	\$401,1			
20. Tensco	\$2,101,073	\$2,041,596	\$	\$	\$	\$	\$	\$	\$	\$	\$			
21. Warbelows	\$	\$138,286	\$189,429	\$206,750	\$392,739	\$582,027	\$700,071	\$874,639	\$902,347	\$535,931	\$476,6			
22. Wings	\$813,162	\$1,046,778	\$987,117	\$935,501	\$689,169	\$786,597	\$766,060	\$844,330	\$876,994	\$875,038	\$928,8			
23. Wright	\$185,508	\$285,222	\$252,095	\$256,638	\$233,722	\$260,491	\$329,273	\$365,519	\$364,592	\$319,690	\$345,7			
24. Yute	\$	\$515,842	\$1,173,977	\$1,741,696	\$1,502,595	\$1,910,980	\$2,046,634	\$1,760,998	\$2,041,157	\$1,937,232	\$835,3			
Total	\$21,441,374	\$25,130,452	\$27,511,169	\$29,486,900	\$31,628,113	\$35,061,737	\$30,910,877	\$32,909,893	\$32,437,308	\$32,772,544	\$32,059,9			
ERA--Bush 2/	\$1,681,695	\$1,425,233	\$1,855,200	\$2,327,110	\$2,314,162	\$2,048,141	\$2,009,807	\$2,367,873	\$1,221,789	\$1,610,407	\$1,539,0			
Total, Bush-Only	\$19,745,493	\$22,754,051	\$25,501,369	\$27,518,072	\$29,100,932	\$31,681,462	\$27,241,658	\$29,304,322	\$30,574,149	\$30,991,192	\$30,251,6			
Bush-Only Wld Deps. 3/	462,523	562,602	618,576	650,581	687,948	691,643	569,083	587,921	614,077	634,670	595,3			
\$/Wld. Dep.	\$42.69	\$40.44	\$41.23	\$42.30	\$42.30	\$45.81	\$47.87	\$49.84	\$49.79	\$48.83	\$50.1			
Year-Over-Year Increase		-5.27%	1.95%	2.60%	0.00%	8.30%	4.50%	4.12%	-0.10%	-1.93%	4.05			

1/ Page 1 increased by the G&A percentage on page 2.

2/ Bush Wld. Departure percentage on page four times ERA System Departure Expense

3/ From Page 4 of this Appendix.

INTRA-ALASKA BUSH SERVICE MAIL RATES
Total Weighted Departures by Carrier

	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE
	09/30/1990	09/30/1991	09/30/1992	09/30/1993	09/30/1994	09/30/1995	09/30/1996	09/30/1997	09/30/1998	09/30/1999	09/30/2000
1. Alaska Island	837	364	1,177	5,362	9,915	0	0	0	0	0	0
2. Arctic Circle	9,296	12,870	13,976	13,354	14,861	15,398	17,277	16,250	18,705	18,573	17,1
3. Arctic Tpt.	27,771	26,278	29,400	30,397	37,211	23,471	21,236	20,828	18,863	19,595	22.9
4. Baker	15,929	11,431	12,579	14,778	17,363	14,121	16,454	23,457	20,385	11,144	6.9
5. Bellair	0	0	0	0	0	0	0	0	0	2,885	5.3
6. Bering	24,237	24,521	27,377	24,124	25,608	27,531	30,229	29,818	31,435	34,980	38.9
7. Carnai	13,356	12,858	18,602	19,068	15,237	14,803	21,638	16,329	11,156	13,432	16.0
8. Cape Smythe	27,385	30,196	33,886	35,763	38,204	33,745	38,068	40,294	41,574	41,246	38.0
9. ERA (System)	90,169	86,467	90,993	89,572	102,259	103,548	99,595	102,733	104,257	99,788	103.7
10. ERA (Bush)	44,894	32,414	43,680	48,520	48,882	39,070	35,242	40,722	41,499	47,381	47.6
11. % Bush	49.79%	37.49%	48.00%	54.17%	47.80%	37.73%	35.39%	39.64%	39.80%	47.48%	45.98
12. Frontier	19,374	19,060	17,963	22,549	25,187	26,457	23,078	22,729	31,059	39,358	43.7
13. Grant	0	0	0	0	0	10,591	18,036	16,623	21,916	32,521	41.0
14. Hageland	0	0	0	17,690	29,375	40,647	55,516	66,350	60,014	64,707	83.7
15. Ketchikan	13,731	19,918	21,069	21,689	23,540	27,341	19,684 1/	14,181	17,241	17,404	15.8
16. Larrys	13,676	13,220	15,089	16,551	16,096	15,107	15,559	0	0	0	0
17. MarkAir	110,063	175,196	206,085	181,158	167,260	181,871	0	105,705	107,063	104,335	95.4
18. Peninsula	76,146	65,838	70,785	76,467	83,061	80,899	95,397	0	0	22,360	36.3
19. ProMech	0	0	0	0	0	0	0	0	0	15,193	13.6
20. Tanana	5,965	6,294	7,234	10,573	9,595	9,109	11,310	11,352	13,576	15,937	16.1
21. Taquan	0	27,854	18,320	20,765	23,616	30,199	38,194	46,674	62,559	35,013	0
22. Temco	33,547	26,998	0	0	0	0	0	0	0	0	0
23. Warbelows	0	3,716	6,382	8,846	12,807	14,195	16,881	18,777	20,384	17,937	26.9
24. Wings	20,618	18,083	19,783	25,047	24,285	22,883	22,904	23,759	24,624	26,689	18.3
25. Wright	5,698	6,275	9,315	10,843	11,587	11,493	12,435	13,794	15,124	17,467	18.3
26. Yute	0	29,218	45,874	47,037	54,258	52,712	59,945	60,279	56,900	52,450	10.8
Total Wld. Deps.	507,798	616,655	665,889	691,633	741,325	756,121	633,436	649,932	676,835	687,077	651.4
Wld. Deps.--Bush-Only 1/	462,523	562,602	618,576	650,581	687,948	691,643	569,083	587,921	614,077	634,670	595.35

1/ Bush-only weighted departures. Includes ERA's bush weighted departures only.

Note: Weights assigned by aircraft type may be found in Order 95-4-22, Appendix E.

INTRA-ALASKA BUSH SERVICE MAIL RATES COST ADJUSTMENT FACTORS
General and Administrative (G&A) Expense 1/

	YE 09/30/1990	YE 09/30/1991	YE 09/30/1992	YE 09/30/1993	YE 09/30/1994	YE 09/30/1995	YE 09/30/1996	YE 09/30/1997	YE 09/30/1998	YE 09/30/1999	YE 09/30/2000
1. A. Island Air	\$25,000	\$8,400	\$31,670	\$170,156	\$195,159	\$	\$	\$	\$	\$	\$
2. A. Circle	\$259,358	\$322,371	\$367,708	\$343,968	\$296,339	\$341,492	\$415,561	\$482,401	\$487,653	\$488,635	\$469,640
3. Arctic Tpt.	\$970,657	\$952,005	\$1,155,987	\$895,047	\$816,701	\$742,799	\$782,587	\$898,374	\$1,004,752	\$796,802	\$727,135
4. Baker	\$441,680	\$476,987	\$507,643	\$446,448	\$570,742	\$611,710	\$498,837	\$594,104	\$1,269,968	\$869,195	\$790,788
5. Bellair	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$240,834	\$262,882
6. Bering	\$279,307	\$389,443	\$632,143	\$758,256	\$893,828	\$804,628	\$828,974	\$837,306	\$952,519	\$766,925	\$929,859
7. Canai	\$175,354	\$298,667	\$492,516	\$315,185	\$305,090	\$389,556	\$291,063	\$477,978	\$559,038	\$600,935	\$667,244
8. C. Smythe	\$690,375	\$1,003,006	\$942,710	\$991,950	\$1,116,317	\$1,011,243	\$1,050,780	\$1,407,418	\$1,300,396	\$1,086,488	\$1,009,096
9. ERA System	\$2,877,919	\$3,698,786	\$3,792,704	\$3,567,974	\$3,878,536	\$4,183,007	\$4,355,043	\$3,667,681	\$6,541,350	\$7,116,494	\$7,527,210
10. Frontier	\$764,127	\$785,235	\$775,260	\$805,899	\$934,218	\$872,002	\$805,700	\$1,114,878	\$1,153,093	\$1,244,564	\$1,286,998
11. Grant	\$	\$	\$	\$	\$	\$257,975	\$497,967	\$826,000	\$909,235	\$1,258,448	\$1,408,816
12. Hageland	\$	\$	\$	\$316,562	\$477,000	\$437,294	\$782,738	\$692,071	\$1,087,797	\$1,015,684	\$860,043
13. Ketchikan	\$457,487	\$387,148	\$476,479	\$560,316	\$421,625	\$701,629	\$481,015	\$	\$	\$	\$
14. Larrys	\$124,311	\$181,013	\$275,624	\$251,980	\$295,103	\$246,164	\$232,439	\$327,032	\$330,551	\$224,157	\$270,138
15. MarkAir	\$908,328	\$1,312,554	\$1,506,978	\$1,005,155	\$711,448	\$950,354	\$	\$	\$	\$	\$
16. Peninsula	\$1,915,239	\$2,544,797	\$2,414,816	\$2,389,662	\$2,466,695	\$2,784,670	\$3,125,904	\$3,473,307	\$4,052,185	\$3,833,654	\$4,062,622
17. ProMech	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$335,932	\$411,964
18. Tanana	\$133,714	\$172,502	\$167,783	\$217,915	\$178,259	\$193,012	\$232,039	\$315,027	\$373,143	\$557,825	\$570,957
19. Taguan	\$	\$365,993	\$946,181	\$1,086,660	\$1,414,387	\$1,767,922	\$1,105,908	\$2,123,846	\$2,308,249	\$1,993,636	\$
20. Temsco	\$1,219,973	\$978,655	\$	\$	\$	\$	\$	\$	\$	\$	\$
21. Warbelows	\$	\$193,456	\$285,923	\$349,198	\$661,776	\$754,099	\$631,261	\$968,549	\$895,866	\$659,611	\$461,890
22. Wings	\$608,508	\$619,553	\$605,494	\$695,635	\$570,530	\$438,967	\$371,004	\$421,767	\$417,934	\$357,852	\$485,479
23. Wright	\$371,563	\$514,260	\$404,414	\$339,344	\$360,387	\$505,532	\$368,891	\$505,457	\$662,455	\$492,560	\$616,466
24. Yute	\$	\$948,279	\$1,387,699	\$2,018,067	\$1,284,314	\$947,421	\$1,047,361	\$1,091,619	\$956,399	\$881,609	\$280,070
Total G & A (CR)	\$12,222,900	\$16,153,110	\$17,169,732	\$17,525,377	\$17,848,474	\$18,941,476	\$17,905,072	\$20,224,815	\$25,262,583	\$24,821,840	\$23,099,297

1/ G&A is used interchangeably, here and elsewhere, with Capacity Related Expense, which is reported on the carriers' F-2.

2/ Yute's FY 1997 costs are reduced from those reported by the carrier based on Alaska Aviation Field Office report.

INTRA-ALASKA BUSH SERVICE MAIL RATES COST ADJUSTMENT FACTORS
Total Operating Expense, Including G&A

	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE	YE
	09/30/1990	09/30/1991	09/30/1992	09/30/1993	09/30/1994	09/30/1995	09/30/1996	09/30/1997	09/30/1998	09/30/1999	09/30/2000				
1. A. Island Air	\$232,511	\$105,336	\$225,712	\$1,301,997	\$2,221,922	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2. A. Circle	\$1,585,544	\$2,781,108	\$3,372,070	\$3,308,099	\$3,375,973	\$3,605,446	\$4,071,904	\$4,191,442	\$4,568,524	\$5,107,387	\$5,501,812	\$	\$	\$	\$
3. Arctic Tpt.	\$5,197,311	\$5,297,231	\$6,151,644	\$5,914,815	\$6,527,297	\$5,474,225	\$5,477,872	\$6,104,280	\$6,239,951	\$5,897,553	\$6,170,132	\$	\$	\$	\$
4. Baker	\$3,057,775	\$2,688,307	\$3,111,942	\$3,213,722	\$3,552,448	\$3,433,991	\$3,779,313	\$4,592,259	\$4,880,969	\$2,656,989	\$2,148,215	\$	\$	\$	\$
5. Bellair	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$895,717	\$1,322,936	\$	\$	\$	\$
6. Bering	\$5,522,762	\$6,364,230	\$6,998,037	\$6,022,102	\$7,234,115	\$6,928,196	\$7,881,955	\$7,949,003	\$8,109,628	\$8,526,281	\$9,969,322	\$	\$	\$	\$
7. Canai	\$1,284,051	\$1,667,672	\$2,190,876	\$2,306,169	\$2,209,100	\$1,620,808	\$2,173,920	\$2,133,459	\$2,357,359	\$2,588,326	\$2,868,910	\$	\$	\$	\$
8. C. Smythe	\$7,396,218	\$8,052,207	\$8,436,093	\$8,804,846	\$9,531,296	\$9,060,081	\$10,213,280	\$11,012,280	\$12,020,551	\$11,181,771	\$11,375,827	\$	\$	\$	\$
9. ERA System	\$20,126,753	\$23,984,119	\$23,805,507	\$24,680,850	\$27,553,509	\$31,066,810	\$32,454,129	\$37,177,364	\$37,981,227	\$38,108,210	\$39,966,032	\$	\$	\$	\$
10. Frontier	\$5,582,661	\$6,448,848	\$5,798,585	\$6,374,463	\$7,677,938	\$8,039,453	\$7,671,392	\$9,498,323	10,349,156	\$13,167,671	\$15,492,912	\$	\$	\$	\$
11. Grant	\$	\$	\$	\$	\$	\$1,913,569	\$3,462,226	\$3,931,955	\$4,799,136	\$7,561,146	\$8,810,736	\$	\$	\$	\$
12. Hageland	\$	\$	\$	\$2,904,725	\$3,968,932	\$5,275,040	\$7,700,806	\$9,753,020	\$11,404,531	\$11,686,099	\$13,527,650	\$	\$	\$	\$
13. Kechikan	\$2,109,511	\$2,616,138	\$4,119,217	\$4,289,744	\$4,505,587	\$4,405,999	\$5,905,574	\$	\$	\$	\$	\$	\$	\$	\$
14. Larrys	\$3,186,214	\$3,444,275	\$3,689,679	\$3,838,722	\$3,903,192	\$3,920,245	\$4,075,279	\$4,448,353	\$4,713,515	\$4,821,860	\$4,444,136	\$	\$	\$	\$
15. MarkAir	\$15,176,938	\$24,082,894	\$35,727,132	\$30,898,884	\$26,503,165	\$30,667,171	\$	\$	\$	\$	\$	\$	\$	\$	\$
16. Peninsula	\$16,401,100	\$17,417,202	\$19,256,842	\$18,049,888	\$20,323,067	\$21,404,785	\$27,245,366	\$32,839,241	\$35,956,178	\$36,612,323	\$36,777,133	\$	\$	\$	\$
17. ProMech	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
18. Tanana	\$836,264	\$1,178,106	\$1,139,836	\$1,529,600	\$1,403,950	\$1,300,199	\$1,736,839	\$1,943,561	\$2,180,603	\$2,687,887	\$2,671,059	\$	\$	\$	\$
19. Taquan	\$	\$2,879,100	\$5,377,673	\$6,405,800	\$5,988,043	\$6,991,018	\$7,454,554	\$10,488,387	\$12,170,089	\$11,386,164	\$	\$	\$	\$	\$
20. Temsco	\$7,011,368	\$6,384,987	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
21. Warbelows	\$	\$815,729	\$1,482,381	\$1,920,834	\$3,123,796	\$3,794,292	\$4,484,416	\$5,793,041	\$5,842,741	\$5,373,123	\$5,445,230	\$	\$	\$	\$
22. Wings	\$3,499,361	\$3,860,667	\$3,474,058	\$4,045,417	\$4,147,258	\$3,771,378	\$3,655,364	\$4,088,282	\$4,625,738	\$4,839,377	\$5,651,319	\$	\$	\$	\$
23. Wright	\$2,145,441	\$2,529,400	\$2,562,498	\$2,494,735	\$2,643,403	\$2,717,824	\$2,680,469	\$2,934,964	\$3,436,720	\$3,849,130	\$4,329,449	\$	\$	\$	\$
24. Yuc	\$	\$3,898,843	\$5,833,731	\$7,471,761	\$7,192,441	\$6,947,516	\$9,502,879	\$8,392,421	\$7,689,476	\$7,088,159	\$3,458,312	\$	\$	\$	\$
Total Oper. Exp.	\$100,351,783	\$126,496,399	\$142,773,513	\$145,777,173	\$153,586,432	\$162,338,046	\$151,627,537	\$167,291,635	\$179,346,092	\$187,314,009	\$187,688,028	\$	\$	\$	\$

INTRA-ALASKA BUSH SERVICE MAIL RATES COST ADJUSTMENT FACTORS
G&A as a Percentage of Operating Expense less G&A 1/

	YE 09/30/1990	YE 09/30/1991	YE 09/30/1992	YE 09/30/1993	YE 09/30/1994	YE 09/30/1995	YE 09/30/1996	YE 09/30/1997	YE 09/30/1998	YE 09/30/1999	YE 09/30/1999
1. A. Island Air	12.05%	8.67%	16.32%	15.03%	9.63%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2. A. Circle	19.56%	13.11%	12.24%	11.60%	9.62%	10.46%	11.37%	13.01%	11.95%	10.58%	9.33%
3. Arctic Tpt.	22.97%	21.91%	23.14%	17.83%	14.30%	15.70%	16.67%	17.26%	19.12%	15.62%	13.36%
4. Baker	16.88%	21.57%	19.49%	16.13%	19.14%	21.67%	15.21%	14.86%	35.17%	48.62%	58.26%
5. Bellair	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	36.78%	24.80%
6. Bering	5.33%	6.52%	9.93%	14.40%	14.10%	13.14%	11.75%	11.77%	13.31%	9.88%	10.29%
7. Camai	15.82%	21.82%	29.00%	15.83%	16.02%	31.64%	15.46%	28.87%	31.09%	30.24%	30.31%
8. C. Smythe	10.30%	14.23%	12.58%	12.70%	13.27%	12.56%	11.47%	14.65%	12.13%	10.76%	9.73%
9. ERA System	16.68%	18.23%	18.95%	16.90%	16.38%	15.56%	15.50%	10.95%	20.81%	22.96%	23.20%
10. Frontier	15.86%	13.86%	15.43%	14.47%	13.85%	12.17%	11.74%	13.30%	12.54%	10.44%	9.06%
11. Grant	0.00%	0.00%	0.00%	0.00%	0.00%	15.58%	16.80%	26.59%	23.37%	19.97%	19.03%
12. Hageland	0.00%	0.00%	0.00%	12.23%	13.66%	9.04%	11.31%	7.64%	10.54%	9.52%	6.79%
13. Kechikan	27.69%	17.37%	13.08%	15.02%	10.32%	18.94%	8.87%	0.00%	0.00%	0.00%	0.00%
14. Larrys	4.06%	5.55%	8.07%	7.03%	8.18%	6.70%	6.05%	7.94%	7.54%	4.88%	6.47%
15. MarkAir	6.37%	5.76%	4.40%	3.36%	2.76%	3.20%	0.00%	0.00%	0.00%	0.00%	0.00%
16. Peninsula	13.22%	17.11%	14.34%	15.26%	13.81%	14.96%	12.96%	11.82%	12.70%	11.70%	12.42%
17. ProMech	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	11.41%	5.61%
18. Tanana	19.03%	17.15%	17.26%	16.61%	14.54%	17.43%	15.42%	19.34%	20.64%	26.19%	27.19%
19. Taquan	0.00%	14.56%	21.35%	20.43%	30.92%	33.85%	17.42%	25.39%	23.41%	21.23%	0.00%
20. Temsco	21.07%	18.10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
21. Warbelows	0.00%	31.09%	23.90%	22.22%	26.88%	24.80%	16.38%	20.08%	18.11%	13.99%	9.27%
22. Wings	21.05%	19.12%	21.11%	20.77%	15.95%	13.17%	11.30%	11.50%	9.93%	7.99%	9.40%
23. Wright	20.95%	25.52%	18.74%	15.74%	15.79%	22.85%	15.96%	20.80%	23.88%	14.67%	16.60%
24. Yute	0.00%	32.14%	31.07%	37.00%	21.74%	15.79%	12.39%	14.95%	14.20%	14.20%	8.81%
G&A as % of Other											
Oper. Expense	13.87%	14.64%	13.67%	13.66%	13.15%	13.21%	13.39%	13.75%	16.40%	15.28%	14.03%

1/ G & A expense on page 1 divided by (total operating expense on page 2 less G & A).

REGRESSION RESULTS OF NONFUEL LINEHAUL UNIT COSTS, YE 9/30/00 THROUGH 9/30/00

Data Regressed

X	Y	LN(Y)	Regression Statistics					
1990	\$226.98	5.424861908	Multiple R	0.8965551				
1991	\$248.35	5.514839042	R Square	0.803811				
1992	\$249.56	5.519699367	Adj. R Square	0.7820122				
1993	\$236.60	5.466370952	Std. Error	0.0713094				
1994	\$243.07	5.493349468	Observations	11				
1995	\$242.74	5.491990912	ANOVA					
1996	\$256.40	5.546738725		df	SS	MS	E Significance F	
1997	\$284.62	5.651154957	Regression	1	0.1875062	0.1875062	36.874129	0.0001854
1998	\$317.44	5.760288824	Residual	9	0.0457653	0.005085		
1999	\$325.64	5.785792477	Total	10	0.2332715			
2000	\$360.49	5.887464217						

	Coefficient	Std. Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	-76.772442	13.564196	-5.659933	0.0003097	-107.45681	-46.088075
X Variable 1	0.0412868	0.0067991	6.0724072	0.0001854	0.0259062	0.0566674

RESIDUAL OUTPUT

Observations	Predicted Y	Residuals	Predicted Y (EXP)
1	5.38834322	0.036518691	218.84051
2	5.42963004	0.085208998	228.06486
3	5.47091687	0.048782497	237.67801
4	5.5122037	-0.045832745	247.69637
5	5.55349052	-0.060141055	258.13702
6	5.59477735	-0.102786438	269.01775
7	5.63606418	-0.089325451	280.35711
8	5.677351	-0.026196046	292.17443
9	5.71863783	0.041650994	304.48987
10	5.75992466	0.025867821	317.32442
11	5.80121148	0.086252734	330.69995

I / Values are from Appendix C, Page 7 of 7.

Note: The annual increase in unit cost is derived from the Residual Output above under Predicted Y (EXP) which produces a constant 4.22 % annual increase.

SUMMARY OUTPUT

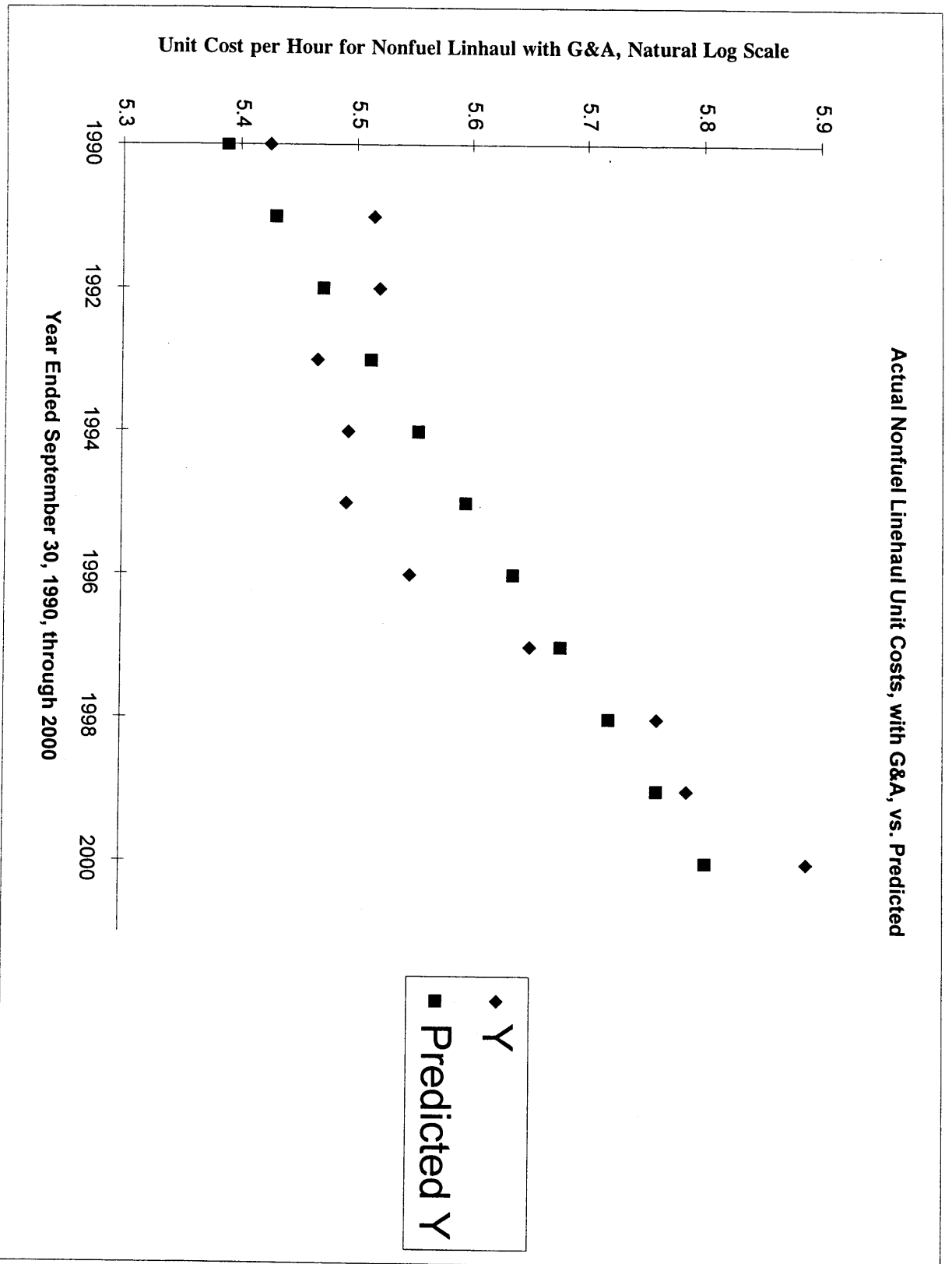
Regression Statistics									
Multiple R		0.9229275							
R Square		0.85179517							
Adj. R Square		0.83532797							
Std. Error		0.03503104							
Observations		11							
ANOVA									
		df	SS	MS	F	Significance F			
Regression		1	0.0634777	0.0634777	51.726765	5.12665E-05			
Residual		9	0.0110446	0.0012272					
Total		10	0.0745223						
	Coefficients	Std. Error	t Stat	P-value	Lower 95%	Upper 95%			
Intercept	-44.107324	6.6634661	-6.6192765	9.71E-05	-59.18114326	-29.03350505			
X Variable 1	0.02402229	0.0033401	7.1921322	5.127E-05	0.0164665	0.0315781			

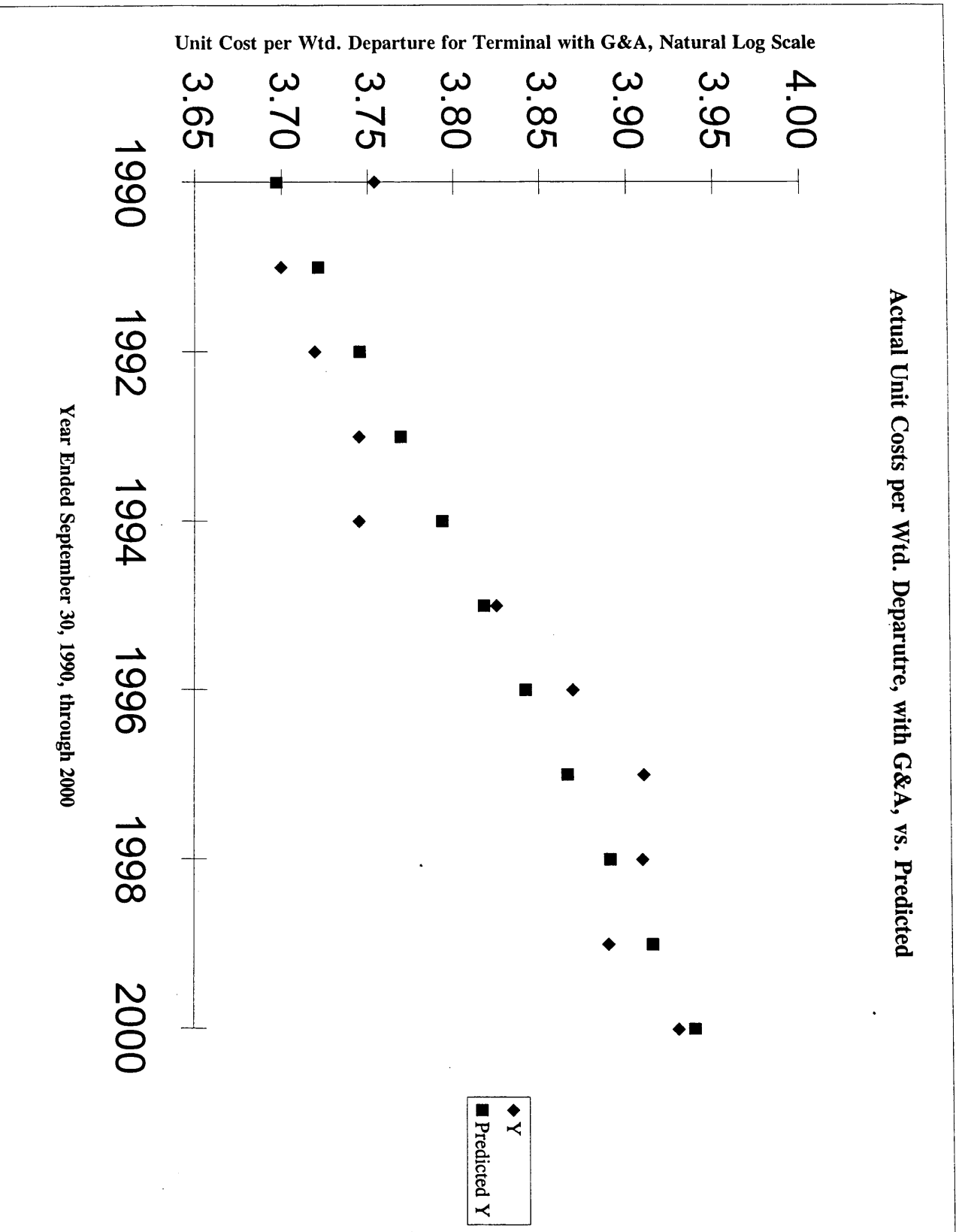
RESIDUAL OUTPUT

Observation	Predicted Y	Residuals	Predicted Y (EXP)
1	3.69703273	0.056932	40.327464
2	3.72105502	-0.0212356	41.307952
3	3.74507731	-0.0259112	42.312278
4	3.76909959	-0.0243125	43.341023
5	3.79312188	-0.0483348	44.39478
6	3.81714417	0.0073582	45.474156
7	3.84116646	0.0273225	46.579776
8	3.86518875	0.0436291	47.712278
9	3.88921104	0.0186031	48.872313
10	3.91323333	-0.0248885	50.060553
11	3.93725562	-0.0091624	51.277683

I/ Values are from Appendix D, Page 4 of 4

Note: The annual increase in unit costs is derived from the Residual Output under Predicted Y (EXP) which produces a constant 2.43% annual increase.





COMPARISON OF UNIT COSTS FOR THE POOL CARRIERS

Non-Fuel Linerhaul Expense plus All G&A Allocable to Linerhaul

Total Departure Related Expense, Including G&A

	Unit Cost				Unit Cost				DR +G&A				DR +G&A			
	Expense	Hours	Unit Cost	Unit Cost	Expense	Hours	Unit Cost	Unit Cost	Unit Cost	Expense	Wid. Dep.	Unit Cost	Unit Cost	Wid. Dep.	Unit Cost	Unit Cost
	YE	YE	YE	YE	YE	YE	Change	Change	YE	YE	YE	YE	YE	YE	Change	Change
1. A. Island Air	\$	0	\$0.00	\$	0	0	0.00%	\$1,101,141	0	\$0.00	\$1,219,824	0	\$0.00	0	\$0.00	0.00%
2. Arctic Circle	\$3,281,772	8,581	\$382.45	\$3,439,014	9,838	\$349.56	-8.60%	\$2,426,623	18,573	\$59.29	\$2,443,222	17,136	\$71.18	22,959	\$106.42	-14.07%
3. Arctic Tpt.	\$2,825,236	8,307	\$340.10	\$2,985,526	9,027	\$330.73	-2.76%	\$728,727	19,595	\$123.84	\$600,684	6,949	\$86.44	6,949	\$36.55	-25.58%
4. Baker	\$1,669,267	4,043	\$412.88	\$1,327,415	4,039	\$328.65	-20.40%	\$141,678	11,144	\$65.39	\$194,765	5,329	\$28.79	5,329	\$27.39	-6.14%
5. Bellair	\$662,815	2,477	\$267.59	\$960,042	3,580	\$268.17	0.22%	\$947,301	2,885	\$49.11	\$1,121,429	38,954	\$51.35	38,954	\$68.02	27.91%
6. Bering	\$5,083,871	13,722	\$370.49	\$6,211,422	13,745	\$451.90	21.97%	\$680,697	34,980	\$27.08	\$823,095	16,030	\$51.35	16,030	\$68.02	27.91%
7. Camai	\$1,622,518	6,608	\$245.54	\$1,709,468	7,073	\$241.69	-1.57%	\$2,193,470	41,246	\$33.18	\$2,586,794	47,690	\$32.27	47,690	\$75.23	6.14%
8. C. Smythe	\$5,901,881	17,237	\$342.40	\$5,800,052	16,240	\$357.15	4.31%	\$1,610,407	47,381	\$33.99	\$1,539,089	43,757	\$27.39	43,757	\$27.39	-13.62%
9. ERA Bush	\$8,955,186	16,104	\$556.08	\$9,083,253	14,870	\$610.84	9.85%	\$2,789,662	39,358	\$70.88	\$3,292,000	41,080	\$24.48	41,080	\$24.48	-43.39%
10. Frontier	\$7,442,164	20,975	\$354.81	\$8,565,595	22,738	\$376.71	6.17%	\$1,031,304	32,521	\$31.71	\$1,125,072	83,737	\$0.00	83,737	\$0.00	0.00%
11. Grant	\$4,642,250	17,940	\$258.77	\$5,240,804	18,647	\$281.05	8.61%	\$2,798,032	64,707	\$43.24	\$2,050,107	0	\$0.00	0	\$0.00	0.00%
12. Hagehand	\$6,660,505	22,860	\$291.36	\$8,246,948	25,138	\$328.07	12.60%	\$1,007,534	17,404	\$57.89	\$991,439	15,890	\$62.39	15,890	\$62.39	7.77%
13. Ketchikan	\$	0	\$0.00	\$	0	\$0.00	0.00%	\$	0	\$0.00	\$	0	\$0.00	0	\$0.00	0.00%
14. Larrys	\$2,869,731	12,008	\$238.98	\$2,552,194	10,540	\$242.14	1.32%	\$5,942,956	104,335	\$56.96	\$5,933,018	95,490	\$62.13	95,490	\$92.07	112.24%
15. Markair	\$	0	\$0.00	\$	0	\$0.00	0.00%	\$970,064	22,360	\$43.38	\$3,343,463	36,316	\$29.29	36,316	\$29.29	-0.88%
16. Peninsula	\$21,808,359	46,130	\$472.76	\$21,159,004	44,189	\$478.83	1.28%	\$448,945	15,193	\$29.55	\$401,153	13,697	\$0.00	13,697	\$0.00	0.00%
17. ProMech	\$1,732,486	7,280	\$237.98	\$3,273,412	10,736	\$304.90	28.12%	\$	0	\$0.00	\$	0	\$0.00	0	\$0.00	0.00%
18. Tanana	\$1,596,313	9,040	\$176.58	\$1,616,374	8,435	\$191.63	8.52%	\$	0	\$0.00	\$	0	\$0.00	0	\$0.00	0.00%
19. Taquan	\$	0	\$0.00	\$	0	\$0.00	0.00%	\$	0	\$0.00	\$	0	\$0.00	0	\$0.00	0.00%
20. Temisco	\$	0	\$0.00	\$	0	\$0.00	0.00%	\$	0	\$0.00	\$	0	\$0.00	0	\$0.00	0.00%
21. Wardlows	\$3,281,365	15,018	\$218.50	\$3,260,311	13,813	\$236.03	8.02%	\$535,931	17,937	\$29.88	\$476,666	16,194	\$29.43	16,194	\$29.43	-1.51%
22. Wings	\$2,849,098	12,542	\$227.16	\$3,462,807	11,729	\$295.23	29.97%	\$875,038	26,689	\$32.79	\$928,849	26,979	\$34.43	26,979	\$34.43	5.00%
23. Wright	\$2,753,369	9,895	\$278.26	\$2,993,502	10,567	\$283.29	1.81%	\$319,690	17,467	\$18.30	\$345,712	18,368	\$18.82	18,368	\$18.82	2.84%
24. Yute	\$3,721,721	26,248	\$141.79	\$2,140,144	5,891	\$363.29	156.22%	\$1,937,232	52,450	\$36.93	\$835,310	10,809	\$77.28	10,809	\$77.28	109.26%
	\$89,359,907	277,015	\$322.58	\$94,027,287	260,835	\$360.49	11.75%	\$28,486,432	599,657	\$47.50	\$30,251,691	595,394	\$50.81	595,394	\$50.81	6.97%

COMPARISON OF UNIT COSTS FOR THE POOL CARRIERS

Non-Fuel Linehaul Expense plus All G&A Allocable to Linehaul

Total Departure Related Expense, Including G&A

	G&A + N-Fuel				G&A + N-Fuel				DR + G&A				DR + G&A			
	Expense	Hours	Linehaul	Expense	Hours	Linehaul	Unit Cost	Change	Expense	Wtd. Dep.	Unit Cost	Expense	Wtd. Dep.	Unit Cost	Change	Unit Cost
1. Arctic Circle	09/30/1999	09/30/1999	09/30/1999	09/30/2000	09/30/2000	09/30/2000	09/30/1999	09/30/1999	09/30/1999	09/30/1999	09/30/2000	09/30/2000	09/30/2000	09/30/2000	09/30/2000	09/30/2000
2. Arctic Tpt.	YE	YE	YE	YE	YE	YE	Change		YE		YE			YE		Change
3. Baker	\$3,281,772	8,581	\$382.45	\$3,439,014	9,838	\$349.56	-8.60%	\$1,101,141	18,573	\$59.29	\$1,219,824	17,136	\$71.18	\$106.42	20.05%	\$71.18
4. Bellair	\$2,825,236	8,307	\$340.10	\$2,985,526	9,027	\$330.73	-2.76%	\$2,426,623	19,595	\$123.84	\$2,443,222	22,999	\$106.42	\$106.42	-14.07%	\$106.42
5. Bering	\$1,669,267	4,043	\$412.88	\$1,327,415	4,039	\$328.65	-20.40%	\$728,727	11,144	\$65.39	\$600,684	6,949	\$86.44	\$86.44	32.19%	\$86.44
6. Cannai	\$662,815	2,477	\$267.59	\$960,042	3,580	\$268.17	0.22%	\$141,678	2,885	\$49.11	\$194,765	5,329	\$36.55	\$36.55	-25.58%	\$36.55
7. C. Smythe	\$5,083,871	13,722	\$370.49	\$6,211,422	13,745	\$451.90	21.97%	\$947,301	34,980	\$27.08	\$1,121,429	38,954	\$28.79	\$28.79	6.31%	\$28.79
8. ERA Bush	\$1,622,518	6,608	\$245.54	\$1,709,468	7,073	\$241.69	-1.57%	\$680,697	13,432	\$50.68	\$823,095	16,030	\$51.35	\$51.35	1.32%	\$51.35
9. Frontier	\$5,901,881	17,237	\$342.40	\$5,800,052	16,240	\$357.15	4.31%	\$2,193,470	41,246	\$53.18	\$2,586,794	47,690	\$53.27	\$53.27	-5.06%	\$53.27
10. Grant	\$8,955,186	16,104	\$556.08	\$9,083,253	14,870	\$610.84	9.85%	\$1,610,407	47,381	\$33.99	\$1,539,089	43,757	\$75.23	\$75.23	6.14%	\$75.23
11. Hageland	\$7,442,164	20,975	\$354.81	\$8,565,595	22,738	\$376.71	6.17%	\$2,789,662	39,358	\$70.88	\$3,292,000	41,080	\$27.39	\$27.39	-13.62%	\$27.39
12. Larrys	\$4,642,250	17,940	\$258.77	\$5,240,804	18,647	\$281.05	8.61%	\$1,031,304	32,521	\$31.71	\$1,125,072	83,737	\$62.39	\$62.39	7.77%	\$62.39
13. Peninsula	\$6,660,505	22,860	\$291.36	\$8,246,948	25,138	\$328.07	12.60%	\$2,798,032	64,707	\$43.24	\$2,050,107	15,890	\$62.39	\$62.39	-43.39%	\$62.39
14. ProMech	\$2,869,731	12,008	\$238.98	\$2,552,194	10,540	\$242.14	1.32%	\$1,007,534	17,404	\$57.89	\$991,439	95,490	\$62.13	\$62.13	9.08%	\$62.13
15. Tanana	\$21,808,359	46,130	\$472.76	\$21,159,004	44,189	\$478.83	1.28%	\$5,942,956	104,335	\$56.96	\$5,933,018	36,316	\$92.07	\$92.07	-0.88%	\$92.07
16. Warbelows	\$1,732,486	7,280	\$237.98	\$3,273,412	10,736	\$304.90	28.12%	\$970,064	22,360	\$43.38	\$3,343,463	13,697	\$29.29	\$29.29	-1.51%	\$29.29
17. Wings	\$1,596,313	9,040	\$176.58	\$1,616,374	8,435	\$191.63	8.02%	\$448,945	15,193	\$29.55	\$401,153	16,194	\$29.43	\$29.43	5.00%	\$29.43
18. Wright	\$3,281,365	15,018	\$218.50	\$3,260,311	13,813	\$236.03	8.02%	\$535,931	17,937	\$32.79	\$928,849	26,979	\$34.43	\$34.43	2.84%	\$34.43
19. Yule	\$2,849,098	12,542	\$227.16	\$3,462,807	11,729	\$295.23	29.97%	\$875,038	26,689	\$18.30	\$345,712	18,368	\$18.82	\$18.82	109.26%	\$18.82
	\$2,753,369	9,895	\$278.26	\$2,993,502	10,567	\$283.29	1.81%	\$319,690	17,467	\$36.93	\$835,310	10,802	\$77.28	\$77.28	6.97%	\$77.28
	\$3,721,721	26,248	\$141.79	\$2,140,144	5,891	\$363.29	156.22%	\$1,937,232	52,450	\$47.50	\$30,251,691	595,394	\$50.81	\$50.81		\$50.81
	\$89,359,907	277,015	\$322.58	\$94,027,287	260,835	\$360.49	11.75%	\$28,486,432	599,657							